

IDC: Organisations Commit to Digital Transformation

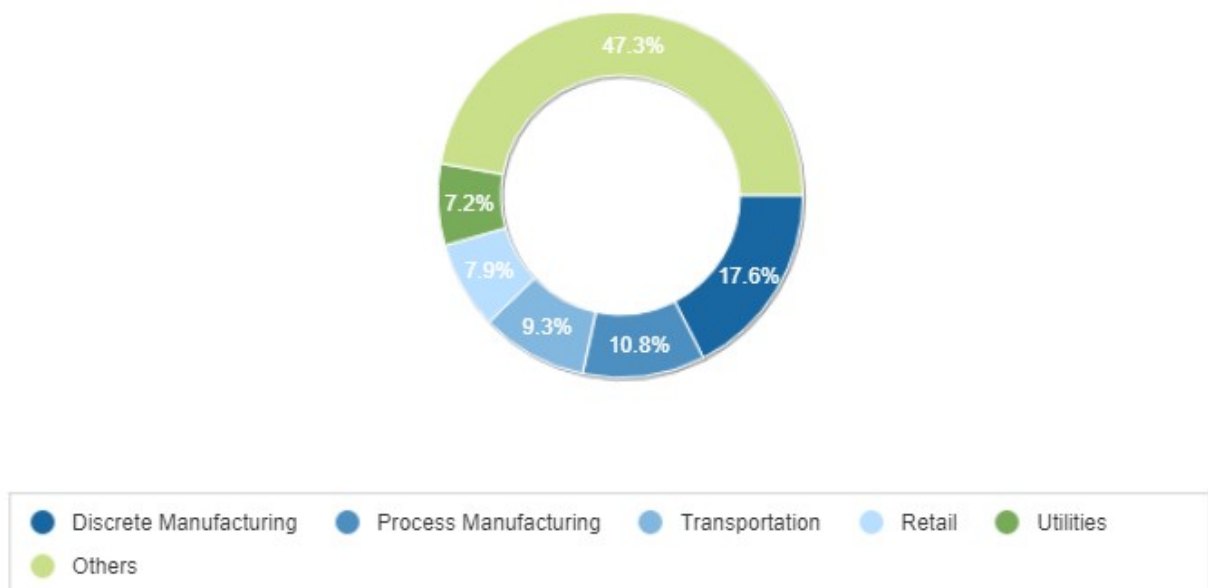
Written by Marco Attard
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According to IDC, global spending on technologies and services to enable digital transformation (DX) of business practices, products and organisations is set to reach \$1.97 trillion in 2022, with a CAGR of 16.7% over the 2017-2022 forecast period.

"IDC predicts that, by 2020, 30% of G2000 companies will have allocated capital budget equal to at least 10% of revenue to fuel their digital strategies," the analyst says. "This shift toward capital funding is an important one as business executives come to recognize digital transformation as a long-term investment. This commitment to funding DX will continue to drive spending well into the next decade."



Top Industry Based on 2019 Market Share (Value (Constant))



Source: IDC Worldwide Semiannual Digital Transformation Spending Guide - Technology Forecast, 2017H2

Four industries are responsible for nearly 50% of global 2017 DX spending worth \$1.25tr--discrete manufacturing (\$220 billion), process manufacturing (\$135bn), transportation (\$116bn) and retail (\$98bn). The top DX spending priority for the discrete and process manufacturing industries is smart manufacturing, with the two industries spending over \$1.67bn on smart

manufacturing in 2019. The industries will also make "significant" investments in digital innovation (\$46bn) and digital supply chain optimisation (\$29bn).

The leading strategic priority for the transportation industry is digital supply chain optimisation, leading to \$65bn in spending on freight management and intelligent scheduling. Meanwhile the top priority for retail is omni-channel commerce, driving investments of over \$27bn in omni-channel commerce platforms, augmented reality experiences, in-store contextualised marketing and next-generation payments.

The DX use cases seeing the largest investments across all industries in 2019 are freight management (\$60bn), autonomic operations (\$56bn), robotic manufacturing (\$46bn) and intelligent and predictive grid management for electricity, gas and water (\$46bn). Other use cases seeing investments worth over \$20bn in 2019 include root cause, self-healing assets and automated maintenance, and quality and compliance.

In terms of technology, hardware and services account for over 75% of all 2019 DX spending. Leading services spending are IT services (\$152bn) and connectivity services (\$147bn), while business services will experience the fastest growth (29% CAGR) over the 5-year forecast period. Hardware spending will be spread across a number of categories, including enterprise hardware, personal devices and IaaS infrastructure. DX-related software spending totals \$288bn in 2019, and is the fastest growing technology category with an 18.8% CAGR.

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